

POLICY AND PROCEDURE MANUAL

OFFICE OF STATE PROPERTY INSURANCE



STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION

TABLE OF CONTENTS

INTRODUCTION.....	3
DEPARTMENT CREATION.....	4
DEPARTMENT POWERS AND DUTIES.....	5
INSURANCE DEFINITIONS.....	8
State Property Insurance Claim Form.....	10
42 U.S.C. 4001 et.seq.	12

STATE PROPERTY INSURANCE POLICIES AND PROCEDURES

INTRODUCTION

Every state agency location faces natural and man-made exposures and events that cause catastrophic physical damage to state-owned property and/or contents. This results in substantial repair, replacement, and reconstruction costs in addition to a loss of value or disruption of your agency's ability to provide services.

The Mississippi Department of Finance and Administration Office of State Property Insurance is responsible to procure and administer all-risk property insurance and NFIP flood insurance, including coverages for fine arts, boiler and machinery, contractors equipment, terrorism, and electronic data processing on all state-owned property and contents as defined in the State of Mississippi Statement of Values (SOV). This Department works directly with the commercial insurance market, including brokers, carriers, adjusters and architects and insurance service organizations. The Department manages the claim event process from its origin until completion of the claim settlement. The Department manages and maintains the record of all buildings insured under the requirements of our MS state statutes and FEMA. This record is the Statement of Values.

DEPARTMENT CREATION

- In 2005, in Fifth Extraordinary Session, October 24, 2005, The Mississippi Legislature, led by Representatives Brown and Watson, passed and enacted House Bill No. 4. This House Bill amended sections 29-13-1, 29-13-3, 29-13-5, 37-7-303, 37-29-67, 37-101-15, and 41-73-31 of Mississippi Code of 1972.
- **DECLARATION BY GOVERNOR FOR A STATE OF EMERGENCY**
 - In all cases, steps should be taken to minimize further damage and to secure the facilities. This would include such activities as temporarily patch roofs, and windows, removing water inside a facility and begin drying the property and furnishings (31-7-13 (j) and (k)).
 - The loss/damages will be quickly assessed and reported to the insurance broker.
 - Loss/damage reported to local insurance adjuster as well as MEMA Office Director.
 - Adjuster will make arrangements to inspect the property/State Property Insurance Director will determine any need to be present at the loss site.
 - The local agency shall immediately, or as soon as reasonably possible, take steps to protect and mitigate any damages. State Property Insurance Director will work with the agency as well as adjuster, MEMA Office Director and any other experts that may be involved in the insurance claim process.
 - The damages will be inspected, scoped, documented and appraised as to the initial costs for repairs. The documentation will be submitted to the Insurance broker/carrier for their review as to damages and applicable coverage assessments. The State Property Insurance Director will act as a liaison with the Insurance broker/carrier, adjuster and agency to maintain a constant status of the claim/loss.
 - When making permanent repairs, the stat purchasing laws must be followed with some modifications depending on whether or not Declarations of Emergency have been issued by the head of the agency or Governor. (For clarifications on purchasing contact the Office of Purchasing, Travel & Fleet Management. For construction issues, contact the Director, Bureau of Building, Grounds and Real Property Management)

DEPARTMENT POWERS AND DUTIES

The duties and powers of the Office of State Property Insurance are defined within the law. [**Mississippi Code 1972, Annotated**, Sections 29-13-1 through 29-13-5] The Office of State Property Insurance (DEPARTMENT) serves the State of Mississippi as a property insurance authority at the state level as sanctioned and appointed by the Department of Finance and Administration. The DEPARTMENT is not a regulatory agency of the State, but a service arm assisting State Institutions/Agencies and Departments with property insurance needs. It shall purchase and maintain business property insurance on all state-owned buildings and/or contents as required by federal law and regulations of the Federal Emergency Management Agency (FEMA) as is necessary for receiving public assistance or reimbursement for repair, reconstruction, replacement or other damage to those buildings and/or contents caused by the Hurricane Katrina Disaster of 2005 or subsequent disasters.

The primary function of the DEPARTMENT is to source, analyze, procure, manage and maintain property insurance for state-owned agencies and locations in the most economical and business-like manner possible. The DEPARTMENT will at all times work to serve the best interests of all State Institutions/Agencies and Departments without preference. The DEPARTMENT is authorized to expend funds from any available source for the purpose of obtaining and maintaining that property insurance. The DEPARTMENT is authorized to enter into agreements with other state agencies, local school districts, community/junior college districts, state institutions of higher learning and community hospitals to pool their liabilities to participate in a group business property insurance program, subject to uniform rules and regulations as may be adopted by the Department of Finance and Administration.

The DEPARTMENT is required to purchase and maintain flood insurance under the National Flood Insurance Program (42 USCS, Section 4001 et seq. - enclosed) as required by federal law on state-owned buildings and/or contents. To meet the requirements of participation in such program, the DEPARTMENT is further required to adopt floodplain management criteria and procedures in accordance with the rules and regulations of 24 CFT, Chapter X, Subchapter B (National Flood Insurance Program), established by the United States Department of Housing and Urban Development pursuant to the National Flood Insurance Act of 1968 (Public Law 90-448) as amended and by the Flood Disaster Protection Act of 1973 (Public Law 93-234) as amended, and any supplemental changes to such rules and regulations.

If additional information is needed or a notice of inquiry (NOI) is given from the public, the DEPARTMENT may issue an Initiation of Rulemaking. The following guidelines will apply for all Rulemaking processes:

1. **Initiation of Rulemaking:** Rulemaking proceedings may be initiated on the Secretary's motion, or on the recommendation of a Federal, State, or local government or government agency, or on the petition of any interested person.
2. **Advance Notice of Proposed Rulemaking:** An Advance Notice of Proposed Rulemaking issued in accordance with § 10.1 of this part is published in the Federal Register and briefly outlines:
 - a. The proposed new program or program changes, and why they are needed;
 - b. The major policy issues involved;
 - c. A request for comments, both specific and general, as to the need for the proposed rule and the provisions that the rule might include;
 - d. If appropriate, a list of questions about the proposal that will elicit detailed comments;

- e. If known, an estimate of the reporting or recordkeeping requirements, if any, that the rule would impose; and
 - f. Where comments should be addressed and the time within which they must be submitted.
3. **Notice of Proposed Rulemaking:** Each notice of proposed rulemaking required by statute or by § 10.1 is published in the Federal Register and includes:
- a. The substance or terms of the proposed rule or a description of the subject matter and issues involved;
 - b. A statement of how and to what extent interested persons may participate in the proceeding;
 - c. Where participation is limited to written comments, a statement of the time within which such comments must be submitted;
 - d. A reference to the legal authority under which the proposal is issued; and
 - e. In a proceeding which has provided Advance Notice of Proposed Rulemaking, an analysis of the principal issues and recommendations raised by the comments, and the manner in which they have been addressed in the proposed rulemaking.
4. **Participation by Interested Persons:**
- a. Unless the notice otherwise provides, any interested person may participate in rulemaking proceedings by submitting written data, views or arguments within the comment time stated in the notice. In addition, the Secretary may permit the filing of comments in response to original comments.
 - b. In appropriate cases, the Secretary may provide for oral presentation of views in additional proceedings described in § 10.12.
5. **Additional Rulemaking Proceedings:**
- a. The Secretary may invite interested persons to present oral arguments, appear at informal hearings, or participate in any other procedure affording opportunity for oral presentation of views. The transcript or minutes of such meetings, as appropriate, will be kept and filed in the Rules Docket.
6. **Hearings:**
- a. The provisions of 5 U.S.C. 556 and 557, which govern formal hearings in adjudicatory proceedings, do not apply to informal rule making proceedings described in this part. When opportunity is afforded for oral presentation, such informal hearing is a non- adversary, fact-finding proceeding. Any rule issued in a proceeding under this part in which a hearing is held is not based exclusively on the record of such hearing.
 - b. When a hearing is provided, the Secretary will designate a representative to conduct the hearing, and if the presence of a legal officer is desirable, the General Counsel will designate a staff attorney to serve as the officer.
7. **Adoption of a Final Rule:**
- a. All timely comments are considered in taking final action on a proposed rule. Each preamble to a final rule will contain a short analysis and evaluation of the relevant significant issues set forth in the comments submitted, and a clear concise statement of the basis and purpose of the rule.
8. **Petitions for Reconsideration:**
- a. Petitions for reconsideration of a final rule will not be considered. Such petitions, if filed, will be treated as petitions for rulemaking in accordance with 9.
9. **Petition for Rulemaking:**

- a. Any interested person may petition the Secretary for the issuance, amendment, or repeal of a rule. Each petition shall:
 - i. Be submitted to the Rules Docket Clerk, Room 5218, Department of Housing and Urban Development, Washington, DC 20410;
 - ii. Set forth the text of substance of the rule or amendment proposed or specify the rule sought to be repealed;
 - iii. Explain the interest of the petitioner in the action sought; and
 - iv. Set forth all data and arguments available to the petitioner in support of the action sought.
- b. No public procedures will be held directly on the petition before its disposition. If the Secretary finds that the petition contains adequate justification, a rulemaking proceeding will be initiated or a final rule will be issued as appropriate. If the Secretary finds that the petition does not contain adequate justification, the petition will be denied by letter or other notice, with a brief statement of the ground for denial. The Secretary may consider new evidence at any time; however, repetitious petitions for rulemaking will not be considered.

INSURANCE DEFINITIONS

ALL RISKS – A broad form of coverage, providing protection against all risks of physical loss or damage from any external cause. It does not embrace loss or damage due to normal wear and tear and age.

APPRAISAL – An evaluation of property made to ascertain either the appropriate amount of insurance to be written or the amount of loss to be paid.

BUSINESS INTERRUPTION – A form of insurance coverage that replaces business income lost as a result of an event or loss that interrupts the operations of the business.

CLAIM – A submission to the insurance company for payment or reimbursement of services rendered to owner of the policy.

CONDITIONS – Provisions stated in an insurance contract that state the rights and duties of the insured, or the rights and duties of the insurer.

CONTINGENT TIME ELEMENT – Covered loss for specific fixed expenses at a location resulting from the interruption of electricity, steam, gas, water, sewer, or telecommunications or any other utility or service to that location which results from an accidental occurrence or loss at a facility or location.

DEBRIS REMOVAL – A consequential coverage commonly included in direct loss policies. For example, fire policies provide limited recovery for the insured's cost of removing the debris after a covered fire.

DEDUCTIBLE – Amount paid by the policy owner before the insurance plan pays out on any claim.

DIRECT LOSS – The immediate consequence of the action of an insured peril. A fire-damaged structure is a "direct loss" by fire.

EXCLUSIONS / LIMITATIONS – Specific conditions or circumstances listed in a policy for which the policy will not provide benefit payments.

HURRICANE – A tropical storm marked by extremely low pressure and circular winds with a velocity of 75 miles per hour or more.

INDEMNIFICATION – The compensation to the insurers of a loss, in whole or in part, by payment, repair, or replacement.

INDEPENDENT ADJUSTER – An individual or member of a firm who contracts with insurers to investigate claims and suggest appropriate settlements.

LIABILITY – Any legally enforceable act or obligation.

LIABILITY INSURANCE – Protects business assets and covers the cost of lawsuits resulting from bodily injury (e.g. customer slips on wet floor), personal injury (e.g. slander or libel) and false advertising.

LIMITS OF LIABILITY – The maximum sums listed on a liability policy for which the insurance company provided protection.

LOSS – A natural or man-made exposure or event causing harm, damage, or destruction to any state-owned property. Examples include fire, tornado, hail, hurricane, flooding, vandalism, arson, smoke, lightning, theft, collapse, earth movement, terrorism, etc.

NAMED PERILS – Coverages in a policy that provide protection from loss of perils specifically listed in the insurance policy. Examples of named perils are fire, windstorm, theft, smoke, etc.

NON-DISCLOSURE – The failure of the insured or their broker to disclose a material circumstance to be underwriter before acceptance of the risk. A breach of good faith.

NOTICE OF LOSS – Notice to an insurer that a loss has occurred. Notice of loss is a condition of most policies, and it is frequently required within a given time and particular manner.

OCCURRENCE – An event that results in a loss that is insured.

PERIL – The cause of a loss insured against in a policy.

POLICY – The legal document issued by the company (insurer) to the policyholder (insured), which outlines the conditions and terms of the insurance; also called the policy contract or the contract.

PREMIUM – Amount paid by policy owner to own an insurance policy.

PROPERTY INSURANCE – Protects business assets (buildings and structures) and contents against loss.

PROXIMATE CAUSE – The effective cause of loss or damage; an unbroken chain of events between the occurrence and damage.

REPLACEMENT COST – The cost to repair or replace property without considering depreciation.

RISK – The chance of loss. Also used to refer to the insured or to property covered by a policy.

SOV – Statement of Values of state owned property



State Property Insurance Claim Form

Agency Name _____

Agency Mailing Address _____

Date of Occurrence _____

Location of Occurrence (Building and Address) _____

Agency Head _____

Agency Head email _____

Agency Head Office phone _____

Agency Head Cell phone _____

Alternate Contact Person _____

Alternate Contact Person email _____

Alternate Contact Person Office phone _____

Alternate Contact Person Cell phone _____

Description of Loss _____

Building Damaged

Contents Damaged

Please complete, scan, and email to george.roberson@dfa.ms.gov

Questions? Contact George Roberson, 601-576-2553 (office), or 601-720-4207 (mobile),

or Daphne Baker, 601-576-2554 (office).

As Executive Director of the Department of Finance and Administration and by the authority empowered to me, I authorize the implementation of this policy and the procedure manual on this date.

Approved by: _____

Laura Jackson
Executive Director
Department of Finance and Administration

George Roberson
Director
State Property Insurance
Department of Finance and Administration

THIS POLICY IS EFFECTIVE IMMEDIATELY AND REPLACES ALL INCONSISTENT POLICIES. IT IS SUBJECT TO REVISION AS NECESSARY BY THE OFFICE OF STATE PROPERTY INSURANCE.

ALL-HAZARD AUTHORITIES OF THE
FEDERAL EMERGENCY MANAGEMENT AGENCY

THE NATIONAL FLOOD INSURANCE ACT OF 1968,
AS AMENDED, AND

THE FLOOD DISASTER PROTECTION ACT OF 1973,
AS AMENDED

42 U.S.C. 4001 et.seq.

NECESSITY AND REASONS FOR FLOOD INSURANCE PROGRAM

The Congress finds that:

- (1) from time to time flood disasters have created personal hardships and economic distress which have required unforeseen disaster relief measures and have placed an increasing burden on the Nation's resources;
- (2) despite the installation of preventive and protective works and the adoption of other public programs designed to reduce losses caused by flood damage, these methods have not been sufficient to protect adequately against growing exposure to future flood losses;
- (3) as a matter of national policy, a reasonable method of sharing the risk of flood losses is through a program of flood insurance which can complement and encourage preventive and protective measures; and
- (4) if such a program is initiated and carried out gradually, it can be expanded as knowledge is gained and experience is appraised, thus eventually making flood insurance coverage available on reasonable terms and conditions to persons who have need for such protection.

PARTICIPATION OF FEDERAL GOVERNMENT IN FLOOD INSURANCE PROGRAM CARRIED OUT BY PRIVATE INSURANCE INDUSTRY

The Congress also finds that:

- (1) many factors have made it uneconomic for the private insurance industry alone to make flood insurance available to those in need of such protection on reasonable terms and conditions; but
- (2) a program of flood insurance with large-scale participation of the Federal Government and carried out to the maximum extent practicable by the private insurance industry is feasible and can be initiated.

UNIFIED NATIONAL PROGRAM FOR FLOOD PLAIN MANAGEMENT

The Congress further finds that:

- (1) a program of flood insurance can promote the public interest by providing appropriate protection against the perils of flood losses and encouraging sound land use by minimizing exposure of property to flood losses; and
- (2) the objectives of a flood insurance program should be integrally related to a unified national program for flood plain management and, to this end, it is the sense of Congress that within two years following the effective date of this chapter the President should transmit to the Congress for its consideration any further proposals necessary for such a unified program, including proposals for the allocation of costs among beneficiaries of flood protection.

AUTHORIZATION OF FLOOD INSURANCE PROGRAM; FLEXIBILITY IN PROGRAM

It is therefore the purpose of this chapter to:

- (1) authorize a flood insurance program by means of which flood insurance, over a period of time, can be made available on a nationwide basis through the cooperative efforts of the Federal Government and the private insurance industry, and
- (2) provide flexibility in the program so that such flood insurance may be based on workable methods of pooling risks, minimizing costs, and distributing burdens equitably among those who will be protected by flood insurance and the general public.

**LAND USE ADJUSTMENTS BY STATE AND LOCAL
GOVERNMENTS; DEVELOPMENT OF PROPOSED FUTURE
CONSTRUCTION; ASSISTANCE OF LENDING AND CREDIT
INSTITUTIONS; RELATION OF FEDERAL ASSISTANCE TO ALL
FLOOD-RELATED PROGRAMS; CONTINUING STUDIES**

It is the further purpose of this chapter to:

- (1) encourage State and local governments to make appropriate land use adjustments to constrict the development of land which is exposed to flood damage and minimize damage caused by flood losses,
- (2) guide the development of proposed future construction, where practicable, away from locations which are threatened by flood hazards,
- (3) encourage lending and credit institutions, as a matter of national policy, to assist in furthering the objectives of the flood insurance program,
- (4) assure that any Federal assistance provided under the program will be related closely to all flood-related programs and activities of the Federal Government, and
- (5) authorize continuing studies of flood hazards in order to provide for a constant reappraisal of the flood insurance program and its effect on land use requirements.

MUDSLIDES

The Congress also finds that:

- (1) the damage and loss which results from mudslides is related in cause and similar in effect to that which results directly from storms, deluges, overflowing waters, and other forms of flooding, and
- (2) the problems involved in providing protection against this damage and loss, and the possibilities for making such protection available through a Federal or federally sponsored program, are similar to those which exist in connection with efforts to provide protection against damage and loss caused by such other forms of flooding. It is therefore the further purpose of this chapter to make available, by means of the methods, procedures, and instrumentalities which are otherwise established or available under this chapter for purposes of the flood insurance program, protection against damage and loss resulting from mudslides that are caused by accumulations of water on or under the ground.